

THE WALL STREET JOURNAL.

U.S. Home-Price Growth Surges a Record 14.6%

BY NICOLE FRIEDMAN

U.S. home prices surged at their fastest pace ever in April as buyers competing for a limited number of homes on the market pushed the booming housing market to new records.

The S&P CoreLogic Case-Shiller National Home Price Index, which measures average home prices in major metropolitan areas across the nation, rose 14.6% in the year that ended in April, up from an 13.3% annual rate the prior month. April marked the highest annual rate of price growth since the index began in 1987. Home prices have surged this year because of low mortgage-interest rates, which have spurred strong demand, and a continued shortage of homes for sale. Many homes are getting multiple offers and selling above asking price. The home-price surge is widespread around the U.S., affecting buyers and sellers in big cities, suburbs and small towns.

The median existing-home sales price in May rose almost 24% from a year earlier, topping \$350,000 for the first time, the National Association of Realtors said earlier this month.

Home sales have started to decline in recent months, because there aren't enough houses on the market for all the buyers looking to buy. Rising prices have also deterred buyers, and many builders are capping sales to manage their costs and production pace. Some economists expect the pace of home-price growth to slow as well by the end of the year.

But real-estate agents say in many areas, the market is so frenzied that a slight slowdown in activity wouldn't make a big difference.

"It's been crazy within the last year," said Scott Chase, chief operating officer at Intero Real Estate Services, who is based in Los Altos, Calif. "My thinking is, is this going to slow down with people being vaccinated and wanting to go on vacation? [But] it is still incredibly active."

While the national pace of price gains is now faster than during the housing boom in the early 2000s, this market is less prone to a downturn, economists say. Ultralow mortgage interest rates mean that the typical home buyer's monthly payment hasn't risen as rapidly as the typical house price. Lending standards are also stricter.

But fast-rising home prices and the limited inventory are making homeownership less attainable for first-time buyers or those with limited budgets.

"Affordability is worsening," said Mark Fleming, chief economist at First American Financial Corp. "That's what will eventually cause house prices to not continue to accelerate and then eventually begin to slow down."

Some workers may also decide to hold off on moving until they know their companies' plans for returning to the office. The rise in remote work during the pandemic spurred many households to move farther from their offices.

The Case-Shiller 10-city index gained 14.4% over the year ended in April, compared with a 12.9% increase in March.

The 20-city index rose 14.9%, after an annual gain of 13.4% in March. Price growth accelerated in all of the 20 cities.

Phoenix had the fastest year-over-year home-price growth in the country for the 23rd straight month, at 22.3%, followed by San Diego at 21.6%. Charlotte, N.C., Cleveland, Dallas, Denver and Seattle all recorded record-high annual price gains.

Copyright (c)2021 Dow Jones & Company, Inc. All Rights Reserved. 6/30/2021
Powered by TECNAVIA

The following is a digital replica of content from the print newspaper and is intended for the personal use of our members. For commercial reproduction or distribution of Dow Jones printed content, contact: Dow Jones Reprints & Licensing at (800) 843-0008 or visit djreprints.com.

Wednesday, 06/30/2021 Page .A003

Copyright (c)2021 Dow Jones & Company, Inc. All Rights Reserved. 6/30/2021

For personal, non-commercial use only.